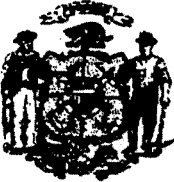


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XIV. State of Wisconsin Investment Board -- Patricia Lipton, Executive Director.

This item was submitted to the Committee under s. 16.505/515 on April 5, 1996; the Committee chose to schedule it for review at the June 18 meeting under s. 13.10.

The State Investment Board requests approval of an additional 8.0 FTE PR positions and supplementary expenditure authority of \$135,900 PR in FY 96 and \$531,600 PR in 1996-97. This request would be funded from the s. 20.536(1)(k), general program operations appropriation. Revenues to this appropriation are received from charges to each of the trust funds managed by SWIB, based on the actual costs to manage each fund.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 27, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Development--Section 13.10 Transfer Request--Agenda Item XV

The Department of Development (DOD) requests the transfer of \$8,500 GPR in 1996-97 from the physician loan assistance program appropriation (20.143(1)(fe)) to the appropriation for contract with the Office of Rural Health (20.143(1)(fd)).

BACKGROUND

DOD is responsible for administering the Physician Loan Assistance Program (PLAP) and the Health Care Provider Loan Assistance Program (HCPLAP). PLAP is a program that repays loans for physicians who agree to practice primary care (including family medicine, general internal medicine and pediatrics) in a primary care shortage area, a state or federal prison, an area health education center program or an Indian reservation in Wisconsin. The Department may also enter into agreements with physicians who will practice psychiatry or obstetrics in shortage areas. DOD may repay, on behalf of a physician, up to \$50,000 over a five-year period in educational loans obtained by the physician from a public or private lending institution for education in an accredited school of medicine or for post-graduate medical training. Through May, 1996, 79 physicians had received awards through the program. Funding for the program is \$355,200 GPR in 1995-96 and \$317,200 GPR in 1996-97.

HCPLAP was established to repay loans of primary care health providers (physician assistants, nurse-midwives and nurse practitioners) who agree to practice exclusively in areas of the state that are underserved by primary care providers as defined under federal law. DOD may repay, on behalf of health care providers, up to \$25,000 over a five-year period in educational loans obtained from a public or private lending institution for education related to the health care provider's field of practice. A total of 11 health-care providers had received awards through May, 1996. Funding for the program is \$35,000 GPR in 1995-96 and \$53,000 GPR in 1996-97.

DOD is statutorily required to contract with the University of Wisconsin Office of Rural Health for certain services. The Office of Rural Health (ORH) is directed to provide the following services through the contract: (a) advise DOD and the Rural Health Development Council (Council) in identifying eligible practice areas and communities with extremely high needs for medical care; (b) assist DOD in publicizing the PLAP and HCPLAP programs to physicians, health care providers and eligible communities; (c) assist physicians and health care providers who are interested in participating in the programs; (d) assist communities in obtaining physicians or health care providers through the programs; (e) assist DOD with the general operations of the programs; and (f) make recommendations to DOD and the council regarding primary care and obstetric shortage areas.

ANALYSIS

The services provided by ORH include the assisting in the designation of physician and health care provider shortage areas, marketing the PLAP and HCPLAP programs, responding to inquiries, informing physicians and health care providers about the loan assistance programs, matching physicians and health care providers with shortage areas, and developing policy recommendations for the Department and the Council. Annual funding of \$30,000 GPR was appropriated for the contract in the 1993-95 biennium. This primarily funded a position at ORH that performed services required by the contract. However, as a result of the 5% and 10% budget cuts, the Governor recommended that funding for the contract be reduced by \$11,500 GPR in 1995-96 and \$20,000 GPR in 1996-97 and these reductions were made in 1995 Wisconsin Act 27 (the 1995-97 budget). As a result, the amount appropriated for the contract is \$18,500 GPR in 1995-96 and \$10,000 GPR in 1996-97.

ORH has been able to provide necessary services with the contract funded at \$18,500 by adjusting certain activities. ORH staff stopped visiting training programs in person and have extended the response time for inquiries. ORH indicates that it would be very limited in the amount of support it could provide when funding for the contract is reduced to \$10,000 in 1996-97. Promotional activities would be limited and the response time for inquiries would be further extended. Staffing for current activities would have to be reduced.

DOD has requested the transfer of \$8,500 in 1996-97 from PLAP (which is a continuing appropriation) to the contract with ORH. The transfer would increase 1996-97 funding for the contract to same amount provided in 1995-96 (\$18,500). This would allow ORH to provide support services to the PLAP and HCPLAP at their current level.

It appears that the transfer would not adversely affect the PLAP program. Funding for the program would be sufficient to repay the loans of current participants and to make an additional eight awards at the maximum amount in 1996-97 (nine awards were granted in 1995-96). With the proposed transfer, the projected balance for the appropriation would be \$247,200 at the end of the 1995-97 biennium. The transfer would reduce base level funding for the PLAP for the 1997-99 biennium by \$8,500 GPR. However, it appears that eight new awards could be granted

and existing loans could be repaid each year in the 1997-99 biennium, and the appropriation balance at the end of 1998-99 would be \$87,300. The appropriations for the HCPLAP, PLAP and contract with ORH can be viewed as an aggregate source of funding for the loan repayment programs and, thus, it could be argued that the proposed transfer involves funding that was appropriated for the same general purpose.

As an alternative, the Committee could transfer the funds from program operations appropriation [s. 20.143(1)(a)]. This would transfer individual physicians through the PLAP and, instead, transfer the Department's general program activities to fund the contract. If the Department's general program activities would be a more appropriate use of the contract, since each involves state operations. In addition, the transfer would restore a budget reduction that was recommended by the Governor's Office of Management and Enterprise. From this view, it could be argued that if the reduction proved too severe, then the 5% and 10% reductions would be more appropriate to the agency's general operations appropriation. Under this alternative, the 20.143(1)(a) would be reduced from \$5,040,100 GPR in 1996-97.

On the other hand, the requested transfer involves funding for the Department's reorganization as the Department of Commerce. In addition, the Department indicates that the general program operations appropriation to internally fund the Department's reorganization as the Department of Commerce.

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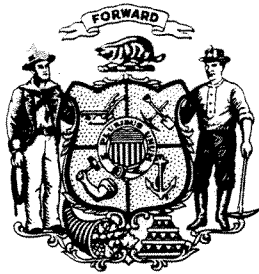
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ALTERNATIVES

1. Approve the request to transfer \$8,500 GPR from the DOD appropriation under s. 20.143(1)(fe) to the appropriation under s. 20.143(1)(fd) to increase funding for the DOD contract with ORH.

2. Modify the request to transfer \$8,500 GPR from the DOD general operations appropriation under s. 20.143(1)(a) to the appropriation under s. 20.143(1)(fd) to increase funding for the DOD contract with ORH.

Prepared by: Ron Shanovich



STATE OF WISCONSIN INVESTMENT BOARD

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June 24, 1996

Representative Ben Brancel
PO Box 8952
Madison, WI 53708-8952

Senator Brian Burke
PO Box 7882
Madison, WI 53707-7882

Dear Representative Brancel and Senator Burke:

On June 27, the Joint Finance Committee is scheduled to consider a request from SWIB for additional program revenue positions for essential risk management functions (Item #14 on the agenda). We strongly encourage the Committee to approve the DOA recommendation (Alternative #1 in the Legislative Fiscal Bureau's analysis).

SWIB has experienced tremendous growth in assets (\$6.0 billion in the last year alone). Asset growth, rapidly expanding domestic and foreign markets, and the increasing complexity of investment activity have placed many new demands on our resources.

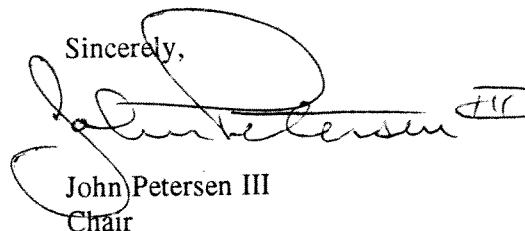
Our request focuses on high priority staffing needs. When the recent SWIB legislation (Act 274) was being developed, SWIB was advised to seek these resources through the ss. 16.505/515 process. The positions are involved in the management, oversight and reporting of our activities. They relate to issues noted in reports by Price Waterhouse and the Legislative Audit Bureau.

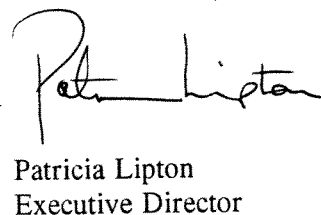
The additional positions will: (1) address immediate needs for stronger analytical support and back-up in the investment groups; (2) better ensure that risk is appropriately analyzed before and after an investment is made; and (3) improve monitoring and reporting to the Legislature, fund participants and the public.

With the addition of these resources, our total costs will continue to compare favorably to our peers and will remain far lower than those experienced by funds which rely primarily on outside investment managers.

We are strongly committed to the goals of Act 274 and a risk management program which reflects the best practices in the industry. The additional resources will take us an important step closer to achieving those goals. Thank you for your consideration.

Sincerely,


John Petersen III
Chair


Patricia Lipton
Executive Director

cc: Members, Joint Committee on Finance

State of Wisconsin Investment Board
Reasons to Support Additional Staff Request for SWIB

1. In managing most investments internally, SWIB has achieved a solid record of performance with lower management costs than the average for our peers. In recent legislation (Act 274), the Legislature reaffirmed that SWIB should continue to emphasize internal management. However, since 1985 assets under management have grown from \$12 billion to over \$43 billion, an increase of over 250% and more than three times the rate of growth in staff. Asset growth, expanding markets and the increasing complexity of investment activity have placed many new demands on our operations.
2. Price Waterhouse and the Legislative Audit Bureau have drawn attention to the need for resources to support the management and reporting of risk in our investment activities. With that in mind, SWIB thoroughly examined staffing patterns in each investment group and support area from a risk management perspective.
3. We have identified several high priority staffing needs in addition to those addressed in Act 274. All are involved in the management, oversight and reporting of risk. The Co-Chairs of the Audit and Finance Committees advised that our staffing request be made under the ss. 16.505/515 process. The Department of Administration has recommended that 7.0 positions be provided. Joint Finance Committee approval is required.

	<u>Positions</u>	<u>Annual Cost</u>
Assistant Portfolio Managers—Domestic Equities	3.0	\$274,300
Credit Analyst—Public Bonds	1.0	58,800
Quantitative Risk Analysts	2.0	109,600
Investment Policy and Information Specialist	<u>1.0</u>	<u>50,200</u>
TOTAL	7.0	\$492,900

4. Our request will: (a) provide stronger analytical support to investment groups to better ensure that risk is appropriately analyzed before and after an investment is made; and (b) improve oversight and reporting to address issues noted by Price Waterhouse and LAB.

5. The positions requested will address the following needs:

■ **Assistant Portfolio Managers.** Our domestic stock portfolios have grown to \$14.9 billion, an increase of \$10.2 billion (+217%) since 1985. Each of our three portfolios is now larger than the total assets managed by most private or public pension funds. Over the last decade, the number of publicly traded U.S. stocks has increased 40%, and the number of foreign companies traded on U.S. markets has grown tenfold. In comparison, staffing for domestic stocks has only grown from 10 to 13 positions. Unlike other investment areas at SWIB, there are no assistant managers for the domestic stocks portfolios. Our request will substantially improve our ability to assess and monitor risk in domestic stock portfolios and provide much needed back-up to three portfolio managers.

(Over)

■ **Credit Analyst.** Assets managed in our two largest public bonds portfolios grew by \$1.7 billion (+55%) over the last ten years with no net increase in staff. Current staffing is sufficient to follow only 220 of 1,450 companies in the corporate markets. This position will expand our market coverage and increase the frequency of our due diligence review of companies in our portfolios from every 18 months to every 12 months.

■ **Quantitative Risk Analysts.** Currently SWIB has only one position to conduct risk measurement, performance monitoring and asset allocation analysis for over \$43 billion of assets. The Price Waterhouse and LAB reports both focused on the need to expand quantitative risk analysis: (a) to compare portfolio holdings to policy guidelines; (b) analyze potential gains and losses under various market conditions; and (c) analyze performance on a risk adjusted basis.

■ **Investment Policy and Information Specialist.** SWIB activities directly affect nearly 400,000 active and retired employees, state and local governments which contribute to the Wisconsin Retirement System, and over 1,000 local governments participating in the Local Government Investment Pool. An effective risk management program requires that thorough and timely information be provided to the Legislature, participants and the public. This position will help enable SWIB to: (a) meet additional legislative reporting requirements; (b) expand information provided through our annual report, information hotline and Internet site; and (c) prepare information for the new LGIP newsletter.

6. SWIB has reallocated assets and redeployed staff to stretch limited resources: (a) assets have been rebalanced among portfolios to address workload and provide more strategic diversification; (b) greater emphasis is being given to indexed stock investments to add diversity and to help manage asset growth; (c) separate analyst groups were pooled to improve effectiveness and efficiency in the domestic stocks area; and (d) added responsibilities are being assumed by senior managers so that SWIB can give greater emphasis to risk management priorities.
7. Limited use of outside management will not affect the need for the requested positions. Act 274 increased the outside management limit from 10% to 15% of assets, enabling SWIB to continue with a gradual expansion of international investments. We are appreciative of this added flexibility and the resources which Act 274 provided. However, it is important that the internal needs identified in our investment areas also be addressed.
8. If the DOA recommendation is approved, SWIB operating costs are projected to be slightly below two basis points in FY 1997 (two-tenths of one percent of assets managed). An independent analysis by Cost Effectiveness Measurement, Inc. found our total costs to be below the average of our peers and much lower than industry norms.

*State of Wisconsin Investment Board
June 4, 1996*



STATE OF WISCONSIN
DEPARTMENT OF DEVELOPMENT

LOUIS CORNELIUS
DIRECTOR

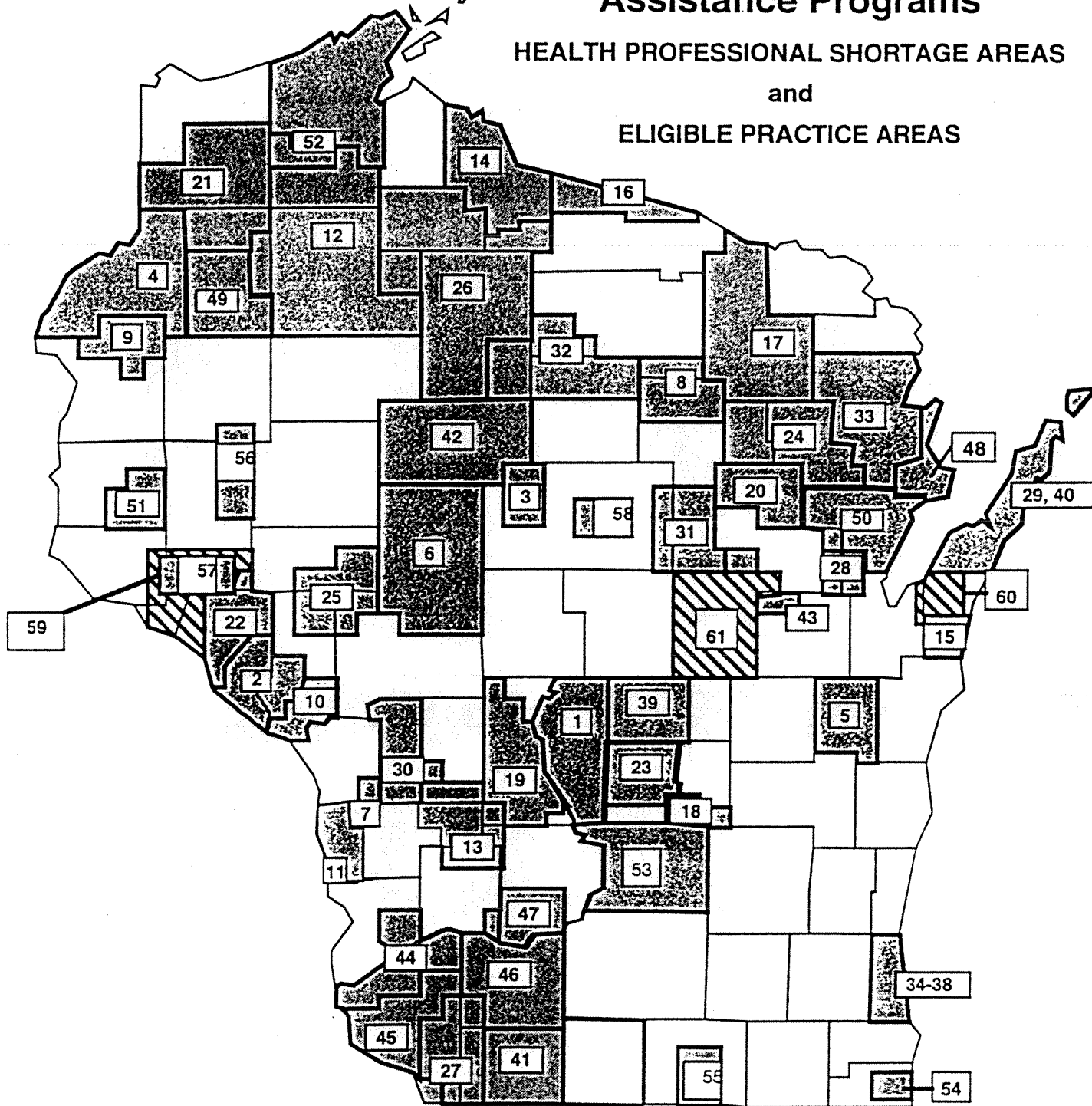
BUREAU OF POLICY DEVELOPMENT
DIVISION OF POLICY & INFORMATION
123 WEST WASHINGTON AVENUE
P.O. BOX 7970
MADISON, WISCONSIN 53707

(608) 266-8629



WISCONSIN

Health Professions Loan Assistance Programs

HEALTH PROFESSIONAL SHORTAGE AREAS
and
ELIGIBLE PRACTICE AREAS



Eligible Practice Areas

-  Federally Designated Health Professional Shortage Areas
-  State PLAP designated Eligible Practice Area

March 1995
Map prepared by
UW OFFICE OF RURAL HEALTH

(OVER)

HEALTH PROFESSIONAL SHORTAGE AREAS

- 1 - Adams County
- 2 - Arcadia, Trempealeau County
- 3 - Athens/Edgar, Marathon County
- 4 - Burnett County
- 5 - Calumet County
- 6 - Clark County
- 7 - Coon Valley/Chaseburg, Vernon County
- 8 - Elcho, Langlade County
- 9 - Frederic/Luck, Polk County
- 10 - Galesville/Trempealeau, Trempealeau County
- 11 - Genoa, Vernon County
- 12 - Hayward/Radisson, Sawyer County
- 13 - Hillsboro, Vernon County
- 14 - Ironwood/Hurley, Iron County
- 15 - Kewaunee City, Kewaunee County
- 16 - Land O'Lakes/Presque Isle, Vilas County
- 17 - Laona, Forest County
- 18 - Markesan/Kingston, Green Lake County
- 19 - Mauston/New Lisbon, Juneau County
- 20 - Menominee County (Indian Population)
- 21 - Minong/Solon Springs, Washburn County
- 22 - Mondovi, Buffalo County
- 23 - Montello, Marquette County
- 24 - Mountain/White Lake, Langlade County
- 25 - Osseo, Trempealeau County
- 26 - Park Falls/Phillips, Price County
- 27 - Platteville/Cuba City, Grant County
- 28 - Pulaski, Shawano/Oconto/Brown Counties
- 29 - Sister Bay/Washington Island, Door County
- 30 - Sparta, Monroe County
- 31 - Tigerton/Biramwood, Shawano County
- 32 - Tomahawk, Lincoln County
- 33 - Western Marinette, Marinette County
- 34 - Capitol Drive, Milwaukee
- 35 - Inner City North, Milwaukee
- 36 - Inner City South, Milwaukee
- 37 - Inner City West (Special Population), Milwaukee
- 38 - Juneautown, Milwaukee
- 39 - Wautoma/Wild Rose/Plainfield, Waushara County
- 40 - Sturgeon Bay, Door County
- 41 - Darlington, Lafayette County
- 42 - Taylor County
- 43 - Clintonville/Marion
- 44 - Boscobel
- 45 - Lancaster/Fennimore
- 46 - Dodgeville/Mineral Point
- 47 - Spring Green/Plain
- 48 - Eastern Marinette, Marinette County (also includes part of MI)

- 49 - Spooner/Shell Lake
- 50 - Oconto Falls
- 51 - Baldwin/St. Croix County
- 52 - Washburn/Bayfield, Bayfield County
- 53 - Columbia County
- 54 - Kenosha, Kenosha County, Census Tracts 7-12, 16
- 55 - Central Beloit, Rock County, Census Tracts 15-19
- 56 - Chetek/Colfax area; Parts of Barron/Dunn Counties
- 57 - Durand area; Parts of Buffalo/Dunn/Pepin/Pierce Counties
- 58 - Wausau, Marathon County, Census Tracts 1, 2, 4, 5, 6, 7

Eligible Practice Areas

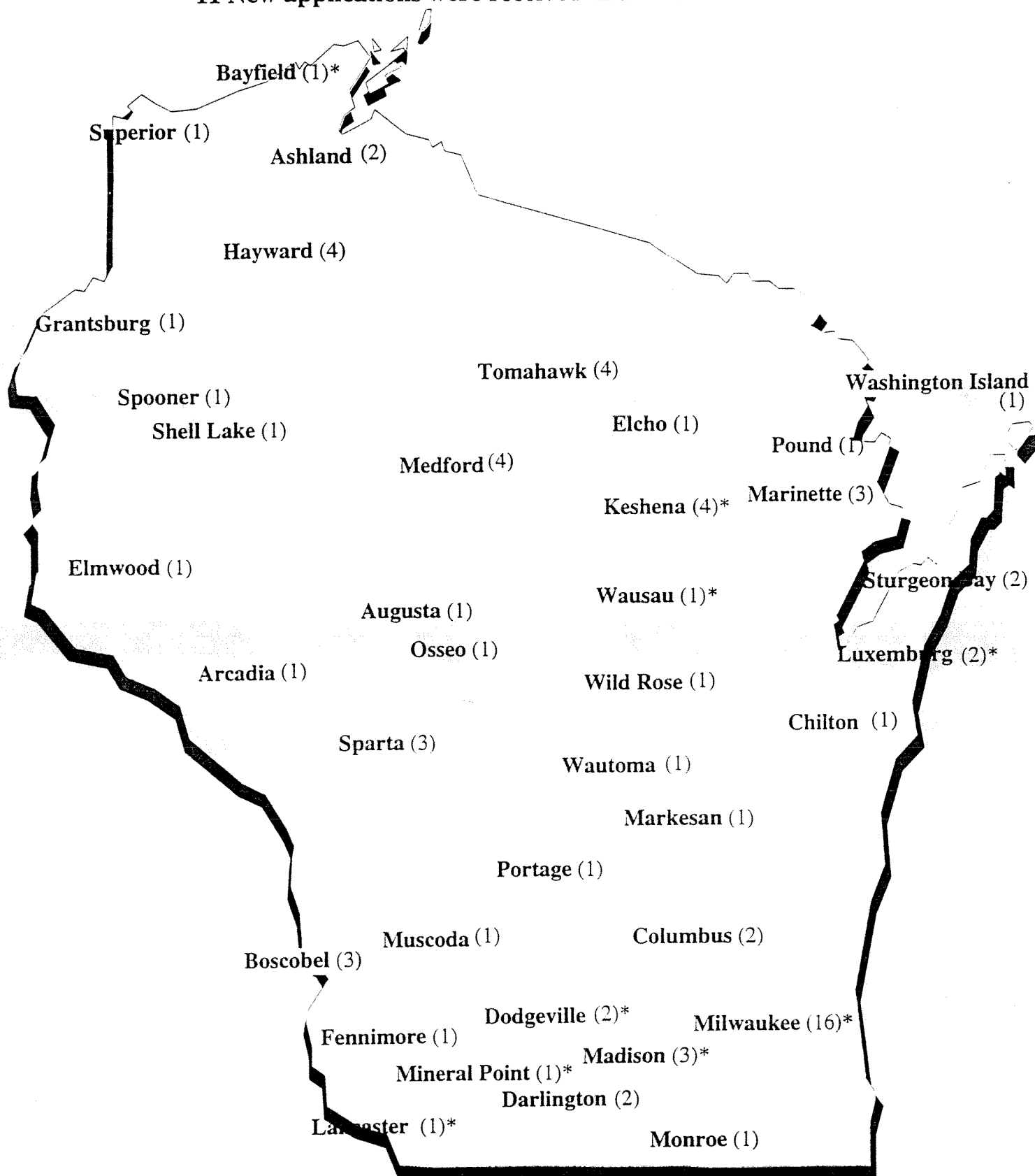
- 59 - Durand
- 60 - Luxemburg
- 61 - Waupaca County

DEPARTMENT OF DEVELOPMENT S. 13.10 TRANSFER REQUEST--AGENDA ITEM XV

The Department requests approval of Alternative 1, which transfers \$8,500 from the DOD appropriation under s. 20.143 (1) (fe) to the appropriation under s. 20.143 (1) (fd) to increase funding for the DOD contract with the UW Office of Rural Health (ORH).

- This transfer provides ORH with the funding necessary to assist in the designation of physician and health care provider shortage areas, to help market the physician loan and the health care provider programs, and to work with physicians, providers and communities to access the programs.
 - a) 1995 Wisconsin Act 27 reduced the funding for the contract.
 - b) It was anticipated that a 0.5 Health Care Provider position could assume some ORH functions; however, this position was cut late in the budget process because it had been vacant. The ORH can once again assume the functions but requires funding at the FY 96 level of \$18,500.
- This transfer will not adversely affect the Physician Loan Assistance Program. The Department will continue to fund at least eight awards per year, and there will be sufficient monies available to fund the existing contracts.
- The Physician Loan, Health Care Provider, and Office of Rural Health appropriations all have the same objective--increasing the supply of health care providers in underserved areas in the state. The Legislature appropriated the funds with that objective in mind. DOD's proposed transfer thus follows legislative intent.
- The Department's general operations appropriation (20.143 (1) (a)) supports the program operations of three divisions--economic development, international and community development. Funds in this appropriation are extremely tight and will be used to fund the costs associated with the transition to the new Department of Commerce. A reduction in the appropriation is likely to adversely impact on-going programs such as the Community Development Zone Program, which will share in the reduction because it is part of the appropriation in the Division of Community Development.

**79 Physicians have received awards through the
Wisconsin Physician Loan Assistance Program**
11 New applications were received 12/95 - 9 awards were made



*New applicant
January 1996

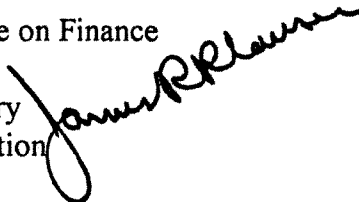
Map Prepared By
UW OFFICE OF RURAL HEALTH

CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: June 11, 1996

To: Members, Joint Committee on Finance

From: James R. Klauser, Secretary
Department of Administration 

Subject: Section 13.10 Request from the Department of Development for a Transfer of Funding within the Physician and Health Care Loan Assistance Programs.

Request

The Department of Development requests approval to transfer \$8,500 GPR in 1996-97 from the physicians loan assistance program repayments appropriation under s. 20.143 (1) (fe) to the physician and health care loan assistance programs contract appropriation under s. 20.143 (1) (fd) to increase funding for the contract with the University of Wisconsin Office of Rural Health for program services.

Background

The Physician and Health Care Provider Loan Assistance programs provide resources to individuals trained as physicians, nurse-practitioners, certified nurse-midwives and physician assistants to repay educational loans. In return for the loans, these participating professionals agree to practice in medically underserved areas of the state as determined by the Department of Development. Physicians are eligible for up to \$50,000 in loans over a 5 year period. Other health care providers may receive up to \$25,000. The program is open to both new and currently practicing providers and serves as an incentive to providers whose current level of outstanding loans might otherwise prevent serving in areas of need.

As required by statute, DOD contracts with the University of Wisconsin Office of Rural Health for services including, identifying provider shortage areas, recruiting providers for participation and development of policy proposals for DOD and the Rural Health Development Council. These activities were funded through a \$30,000 GPR contract prior to 1995-96. However, 1995 Act 27 (the 1995-97 biennial budget) reduced funding for the contract to \$18,500 GPR in 1995-96 and \$10,000 GPR in 1996-97. In response to these reductions, DOD intended to utilize its staff to offset a portion of the service reduction from the Office of Rural Health associated with the budget reduction. Due to the fact that Act 27 also required a 3.05 GPR FTE position reduction, DOD cannot replace the service reduction associated with the additional cut in the contract scheduled for 1996-97.

Analysis

In order to address the combined impact of the reduction in vacant positions included in Act 27 and the reduction in contract funding for the Office of Rural Health, DOD proposes to transfer \$8,500 GPR from the balance in the Physicians Loan Assistance repayments appropriation to the Physician and Health Care Provider Loan Assistance Contract appropriation to increase the 1996-97 contract payment to the level provided in 1995-96. This will allow the Office of Rural Health to continue the same level of service provided in 1995-96.

The loan assistance repayment appropriation serves as the means to both collect loan repayments from participating providers and provide new loans. Based on continuation of the 1996-97 expenditure authority of \$308,700 GPR into the next biennium and assuming the current level of 8 awards annually, the repayments appropriation is expected to have an ending balance of \$247,200 GPR at the end of 1996-97 and \$87,300 GPR in 1998-99. This should be sufficient to meet the requested transfer of \$8,500 GPR to the contract appropriation.

In the absence of a transfer, DOD does not have sufficient staff to provide adequate support to the provider loan assistance programs and support the Rural Health Development Council. An increase of the contract with the Office of Rural Health by \$8,500 GPR will maintain the 1995-96 contract level and ensure adequate staff support for these statutory activities.

Recommendation

Approve the request.

Prepared by: David P. Schmiedicke
266-1040



XV
123 West Washington Avenue
P. O. Box 7970
Madison, Wisconsin 53707
(608)266-1018

Tommy G. Thompson, Governor
William J. McCoshen, Secretary

May 23, 1996

The Honorable Ben Brancel
Co-Chair, Joint Committee on Finance
State Capitol, Room 107 South
Madison, WI 53702

The Honorable Timothy Weeden
Co-Chair, Joint Committee on Finance
State Capitol, Room 115 South
Madison, WI 53702

Dear Co-Chairs:

The Department of Development requests authorization under §13.10 of the Wisconsin Statutes to transfer \$8,500 GPR in FY97 from the §20.143 (1) (fe) appropriation to the §20.143 (1) (fd) appropriation. This would increase base level spending authority for the Department's contract with the Office of Rural Health of the University of Wisconsin to \$18,500, and decrease base level spending authority for the Physician Loan Assistance Program repayments to \$308,700.

The Department of Development administers the Physician Loan Assistance Program and the Health Care Provider Loan Assistance Program. These programs help repay educational loans for physicians, nurse-practitioners, certified nurse-midwives, and physician assistants who agree to practice in a medically underserved area as determined by the department. Physicians are eligible for repayment of up to \$50,000 over a five year period and other health care providers are eligible for repayment of up to \$25,000 over a five year period. The program is intended to help eligible providers whose debt level might otherwise limit their ability to practice in medically underserved areas. The program is open to both new and currently practicing providers.

§§ 560.183 (8) and 560.184 (7) of the statutes require the Department of Development to contract with the UW's Office of Rural Health for services involving the establishment of physician and health care provider shortage areas, the recruitment of physicians and health care providers for the loan assistance programs, and the development of policy recommendations for the department and the Rural Health Development Council. Prior to FY96, the contract was funded at \$30,000 annually. This funded one staff person at ORH who performed the work required in the contract. In the 1995/97 biennial budget, the department, as part of its required 5% and 10% budget cuts, recommended cutting the contract to \$18,500 in FY96 and \$10,000 in FY97. Since ORH would then have been unable to provide the same level of services, the department intended to devote one of its vacant positions to work which was at that time performed under the contract. That position, however, was eliminated in the budget as part of the legislative initiative to eliminate vacant positions.

The Department's proposal transfers \$8,500 in spending authority from the Physician Loan Assistance Program loan repayments appropriation to the Office of Rural Health contract appropriation. The excess funds are available in the repayments appropriation because after receiving awards, and beginning participation in the program, some physicians leave the program each year. In the past, physicians have left the program because they have received a better offer elsewhere, because of personal or professional conflicts, because of illness, or because they have paid off their loans and are no longer eligible. Other physicians, after receiving awards in one fiscal year, do not actually begin receiving payments until the next fiscal year.

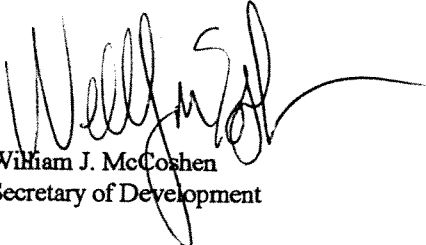
The following table shows the projected condition of the repayments appropriation after the transfer is made. FY98 and FY99 spending authority assumes continuation at the FY97 base level. The award amount assumes that eight awards are made each fiscal year.

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
REVENUES				
Prior Year Balance	331,444	329,864	247,182	137,187
Appropriation	355,200	308,700	308,700	308,700
Total Available	686,644	638,564	555,882	445,887
EXPENSES				
Continuing Physicians	356,780	351,382	328,695	208,617
FY97 Awards		40,000	50,000	60,000
FY98 Awards			40,000	50,000
FY99 Awards				40,000
Total Expenditures	356,780	391,382	418,695	358,617
BALANCE	329,864	247,182	137,187	87,270

At the end of the next biennium, after the transfer, the loan repayments appropriation will still be sufficient to support eight or more awards each year.

I would be happy to discuss this request with you.

Sincerely,

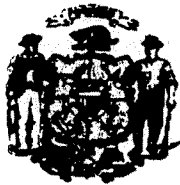

 William J. McCoshen
 Secretary of Development

XV. Department of Development --Thomas H. Taylor, Deputy Secretary

The Department of Development requests approval to transfer \$8,500 GPR in 1996-97 from the physicians loan assistance program repayments appropriation under s. 20.143 (1) (fe) to the physician and health care loan assistance programs contract appropriation under s. 20.143 (1) (fd) to increase funding for the contract with the University of Wisconsin Office of Rural Health for program services.

Governor's Recommendation

Approve the request.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 27, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Wisconsin Conservation Corps--Section 13.10 Request for an Anticipated Increase in Corps Enrollee Support Costs--Agenda Item XVI

The Wisconsin Conservation Corps (WCC) Board requests \$150,000 GPR in 1995-96 to fund an anticipated increase in corps enrollee support costs related to an increase in the federal minimum wage.

BACKGROUND

1995 Act 27 transferred \$150,000 GPR from WCC's corps enrollee support appropriation to the Joint Committee on Finance's appropriation for agency supplements. In addition, the WCC Board was given the authority to submit a request to the Committee under s. 13.10 to fund increased corps enrollee support costs related to an increase in the minimum wage. The WCC is statutorily required to pay its corps enrollees the higher of the state or federal minimum wage.

The WCC Board has the option to classify corps enrollees as corps members, assistant crew leaders, crew leaders or regional crew leaders. Currently, the WCC Board pays, on average, the following hourly wages: (a) \$4.25 to corps members; (b) \$5.13 to assistant crew leaders; (c) \$9.60 to crew leaders; and (d) \$12.24 to regional and mobile crew leaders. The WCC Board has approved a 2% wage increase for the six regional and mobile crew leaders, effective June 23, 1996. At that time, the regional and mobile crew leaders will be paid \$12.49 per hour.

Currently, Congress is considering legislation that would increase the federal minimum wage under a two-step process, as follows: (a) an increase from \$4.25 to \$4.75 (50¢ increase), effective July 1, 1996; and (b) an increase from \$4.75 to \$5.15 (40¢ increase), effective July 1,

1997. This proposal has passed the House of Representatives and is awaiting action by the Senate. At this time, the federal minimum wage has not been increased.

ANALYSIS

The WCC Executive Director has estimated that the anticipated increase in the minimum wage would cost approximately \$330,000 in 1996-97. WCC would use \$180,000 in existing base funds to offset the remaining anticipated costs (\$330,000 - \$150,000 = \$180,000).

It is estimated that approximately \$400,000 could be available in unobligated GPR and SEG funding on June 30, 1997. This estimate is based on the WCC Board approving 100 projects during the 1995-97 biennium. During the Committee's deliberations over the 1995-97 biennial budget, it was estimated that the WCC would be able to approve from 82 to 92 projects in 1995-97, depending on how the WCC Board chose to utilize available funding. Several factors, in addition to funding levels, determine the level of projects the WCC Board is able to fund during a biennium. These include, but are not limited to: (a) the number of corps enrollees assigned to a crew; (b) the minimum wage and crew leader wages that are set by the Board; (c) the vacancy rate of corps enrollees; and (d) special activities approved by the Board, such as training and developmental workshops.

The Board approves projects at six meetings staggered over the biennium. The last two project approval meetings for the 1995-97 biennium will occur in August, 1996, and January, 1997. WCC's Executive Director has indicated that the Board would approve additional projects (more than the current estimate of 100) to fully utilize any available funding. Any unobligated GPR and SEG dollars would lapse to the appropriate funds on June 30, 1997.

If WCC's request to release the \$150,000 is denied, the WCC Board could fund the entire anticipated increase in corps enrollee support costs from the estimated \$400,000 unobligated balance. This action would most likely result in fewer projects being approved by the Board.

Since the minimum wage has not been increased, WCC has not yet incurred increased corps enrollee support costs. However, knowledge about the availability of funds to pay for any potential increased costs may affect project approvals in August. An alternative that transfers the \$150,000 to WCC's appropriation, but places it in unallotted reserve would provide this assurance without spending the funds if the minimum wage is not increased. DOA could be directed to release the funding only if the federal minimum wage is increased.

If the Committee denies WCC's request to release the \$150,000, the WCC Board could still approve between eighteen and eight more projects than estimated upon passage of the biennial budget (82 to 92 projects compared to the current estimate of 100 projects).

ALTERNATIVES

1. Approve WCC's request for \$150,000 GPR in 1995-96 to fund an anticipated increase in corps enrollee support costs related to an increase in the federal minimum wage.
2. Modify WCC's request for \$150,000 GPR in 1995-96 to fund an anticipated increase in corps enrollee support costs by placing the funds in unallotted reserve and directing DOA to release the funds only if the federal minimum wage is increased.
3. Deny the request.

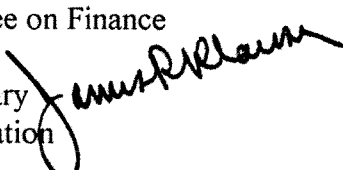
Prepared by: Bob Soldner

CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: June 11, 1996

To: Members, Joint Committee on Finance

From: James R. Klauser, Secretary
Department of Administration 

Subject: Section 13.10 Request from the Wisconsin Conservation Corps for Release of Funds Reserved for Minimum Wage Increase

Request

The Wisconsin Conservation Corps (WCC) requests release of \$150,000 GPR in 1995-96 reserved in the Committee's appropriation under s. 20.865 (4) (a) to the general enrollee operations appropriation under s. 20.399 (1) (b) to assist the Conservation Corps in funding an anticipated increase in the minimum wage without reducing the number of crews in service.

Background

Created in 1983, the Wisconsin Conservation Corps provides job training opportunities to unemployed or underemployed (less than 16 hours per week) young adults between the ages of 18 and 25. These corps enrollees are organized into crews that complete conservation and community development projects within Wisconsin. Each crew is assigned to a year-long project that is sponsored by a unit of government or a non-profit organization.

Project sponsors are responsible for providing work activities that will last for a year and will have long-term conservation or community benefits. Projects should also include a diversity of labor-intensive work activities that will enhance and improve the corps enrollees' job skills. Corps enrollees cannot perform maintenance activities or replace permanent or temporarily laid-off employees.

Project sponsors also provide equipment, supplies, tools, vehicles and project-related skills training. WCC is responsible for basic safety equipment (e.g., hard hat, work gloves), corps enrollees' wages and benefits, and, at the successful completion of one year of service, the corps enrollee's choice of a tuition scholarship that is roughly equal to one year's tuition at a state college or a \$500 cash bonus. WCC provides trained crew leaders who supervise the daily work of the corps members.

Most corps enrollees earn the minimum wage. In the 1995-97 biennial budget, the Legislature recognized the large impact an increase in the minimum wage would have on WCC's ability to maintain its current level of service to enrollees and project sponsors. To help minimize this impact, the Legislature reserved \$150,000 GPR in the Joint

Committee on Finance's appropriation for WCC to be released contingent on an increase in the minimum wage. WCC is not required to demonstrate that an emergency exists when requesting release of the funds.

Analysis

WCC classifies its enrollees into several categories (corps member, assistant crew leader, crew leader, regional crew leader) and is required by statute to base each category's wages on the higher of the federal or applicable state minimum wage. Corps members earn minimum wage, and the 1995-97 biennial budget limited the wage WCC may pay its crew leaders to twice the wage paid to corps members. The wage limitation may be waived for regional crew leaders. The current wage structure for corps enrollees is as follows:

Table 1: Conservation Corps Enrollee Wages FY96

<u>Classification</u>	<u>Wage</u>
Corps Member	\$ 4.25
Assistant Crew Leader	4.89
Crew Leader*	8.50
Regional Crew Leader**	12.24

*Prior to the 1995-97 biennial budget, crew leaders retained for more than one year received annual merit increases. Crew leaders whose wages exceeded the imposed wage cap were allowed to remain at the higher wage, but that wage could not increase.

**WCC Board voted to increase regional crew leader wages by 2% to \$12.48, effective June 23, 1996.

Because the corps enrollee wage structure is dependent on the minimum wage, any increase in the federal minimum wage will affect WCC's ability to place crews in the field. The U.S. House of Representatives recently passed a bill to raise the minimum wage by \$0.90 over two years; the first step (\$0.50) would be effective July 1, 1996. The bill is awaiting action by the U.S. Senate.

WCC estimates that the initial increase will increase its costs by approximately \$297,000. Table 2 illustrates the differential between current wage and fringe benefit costs and the same costs with the anticipated minimum wage increase. The WCC estimate is based on the following assumptions:

- The assistant crew leader wage will increase by \$0.50 to retain the current wage differential.

- The crew leader wage will increase to \$9.50, or twice the minimum wage -- the maximum wage allowed by statute. Some crew leaders will continue to earn a higher wage that was in effect before the wage cap was enacted.
- The number of crews remains constant, and no vacancies exist on the crews.

Table 2: Current and Anticipated Corps Enrollee Wage and Benefit Costs

Classification	Current				Anticipated			
	Rate	Total Wages	Fringe Benefits*	Total Cost	Rate	Total Wages	Fringe Benefits*	Total Cost
Corps Member	\$ 4.25	\$1,553,000	\$ 80,800	\$1,633,800	\$ 4.75	\$1,735,700	\$ 90,300	\$1,826,000
Asst. Crew Leader	4.89	408,400	21,200	429,600	5.39	450,200	23,400	473,600
Crew Leader*	8.50	992,500	113,900	1,106,400	9.50	1,049,900	116,900	1,166,800
Reg. Crew Leader**	12.48	156,300	31,900	188,200	12.48	156,300	31,900	188,200
Total		\$3,110,200	\$247,800	\$3,358,000		\$3,392,100	\$262,500	\$3,654,600

*Fringe benefit rates are an estimate based on historical expenditures. Corps members, assistant crew leaders and first- and second-year crew leaders do not receive health insurance or Social Security payments.

**Some crew leaders are at a higher rate.

***The WCC Board increased the regional crew leader wage by 2% effective June 23, 1996. This increase is not, and does not need to be, tied to the increase in the minimum wage.

In addition to enrollee wages and fringe benefits, WCC must cover the costs of supplies and services, tuition vouchers and cash bonuses. Table 3 shows the current costs per crew and the costs per crew with the anticipated minimum wage increase.

Table 3: Current and Anticipated Cost per Crew

<u>Expenditure</u>	<u>Current</u>	<u>Anticipated</u>
Enrollee Wages	\$55,700	\$60,400
Enrollee Fringe Benefits	3,100	3,300
Equipment and Physicals	2,800	2,800
<u>Tuition Vouchers and Cash Bonuses</u>	<u>4,500</u>	<u>4,500</u>
Total	\$65,500	\$71,000

The cost per crew does not cover the cost of the regional crew leaders, worker's compensation and general supplies and services. Over the biennium, these costs total approximately \$1,475,000 and add \$15,100 to the cost of each crew, assuming 98 crews are placed in the field during the biennium. Therefore, total anticipated cost per crew in FY97 is \$86,100.

In addition to the anticipated increased costs, WCC expects to reduce its PR spending authority by approximately \$379,700. This reduction is due to termination of weatherization contracts with the Division of Energy and Intergovernmental Relations within the Department of Administration. Also, WCC will request a transfer of no more than \$50,000 PR from enrollee operations to administrative support to cover database development costs related to the transfer of WCC to the Department of Workforce Development.

With these reductions, WCC will have approximately \$4,636,000 of spending authority in FY97. With this level of spending authority, WCC should be able to place 53 crews in the field in FY97, assuming a minimum wage increase is mandated by the federal government. This would put WCC below the number of projects planned (and budgeted) for this biennium. WCC had planned to field at least 54 crews in FY97.

Table 4: WCC Expenditure Authority and Number of Possible Crews

	Funding
Total 1995-1997 Expenditure Authority	\$ 8,766,000
<u>FY 96 Projected Total Crew Expenditures</u>	<u>(3,700,300)</u>
FY97 Initial Expenditure Authority	5,065,700
<u>PR Reduction</u>	<u>(429,700)</u>
FY97 Expenditure Authority	4,636,000
<u>Minimum Wage Impact</u>	<u>297,000</u>
Remaining Expenditure Authority	4,339,000
JCF Reserve	150,000

	Number of Crews*
Maximum Number of Crews FY97	62
Impact of PR Reduction	(5)
<u>Impact of Minimum Wage Increase</u>	<u>(4)</u>
Number of Crews After Reductions	53
<u>Impact of JCF Reserve</u>	<u>2</u>
Total Possible Crews in FY97	55
<u>Actual Number of Crews Selected in FY96</u>	<u>44</u>
Total Number of Crews in 1995-97 with JCF Reserve	99

*Assumes total cost per crew of \$81,000.

Members, Joint Committee on Finance

June 11, 1996

Page 5

Congress continues to debate the minimum wage increase. Because there is some uncertainty as to whether the increase will be mandated, the \$150,000 should be placed in unallotted reserve under the WCC appropriation to be released by DOA if the minimum wage increase is enacted.

Despite the uncertainty at the federal level, WCC is requesting the release of the funds from the Joint Committee on Finance appropriation at this time to adequately budget for future project selection rounds. To date, WCC has selected 62 projects for its crews. Two rounds of project selection remain in the biennium. The WCC Board had planned to select 36 more projects in those two rounds. However, if the \$150,000 reserve is not released before the next project selection round in August, the board will not be able to select the number of projects planned.

Release of the \$150,000 of GPR placed in reserve for the WCC in case of a minimum wage increase would allow WCC to field at least one additional crew. Through the use of the reserve funds, WCC will be able to meet its goal of placing at least 54 crews. Without the release of the \$150,000, WCC will plan to accept fewer projects in future selection rounds.

Recommendation

Approve the request to release \$150,000 GPR from the Committee's appropriation under s. 20.865 (4) (a). Place the funding in unallotted reserve for release by DOA only if a minimum wage increase is mandated by the federal government.

Prepared by: Kirsten Grinde
266-7973



To Serve...

To Challenge...

With Pride

State of Wisconsin
Gov. Tommy G. Thompson

Executive Director
Randall J. Radtke

Board Chair
Kenneth Machtan

May 22, 1996

Senator Tim Weeden, Co-chair
Representative Ben Brancel, Co-chair
Joint Committee on Finance
119 Martin Luther King Blvd.
Madison, WI 53707

Dear Co-Chairs Weeden and Brancel:

The Wisconsin Conservation Corps (WCC) respectfully requests the release of the Biennial Appropriation amount reserved for a minimum wage increase under 20.865 (4) (a) of the Wisconsin Statutes. The funds were reserved as a "down payment" by the committee and the full legislature to assist the Corps in handling an increase in the minimum wage without reducing the number of crews in service throughout Wisconsin.

Earlier this week three Congressional offices informed us that passage to increase the minimum wage was imminent and that the proposed two stage increase of ninety cents could be enacted by the time the Joint Committee meets on June 18, 1996. The current proposal under consideration in the House calls for the first stage of the ninety cent increase to go into effect July 1, 1996. The estimated financial impact of that increase in salary costs to the WCC during FY 97 is just over 330,000.00.

It is for that reason that I request, on behalf of the WCC Board, that the "down payment" reserve of \$150,000 be released by the committee and then be added to the WCC's 20.399 (1) (b) General Enrollee Operations budget line.

Thank you for your consideration of this request. I look forward to discussing it with you and other committee members on June 18.

Sincerely,

A handwritten signature in cursive script that reads "Randall J. Radtke".

Randall J. Radtke
WCC Executive Secretary

cc:Mike Mahoney, DILHR

rr96-024

Wisconsin Conservation Corps
30 West Mifflin Street
Suite 406
Madison, WI 53703-2558

XVI. Wisconsin Conservation Corps -- Randall Radtke, Executive Director

The Conservation Corps requests release of \$150,000 GPR in 1995-96 reserved in the Committee's appropriation under s. 20.865 (4) (a) to the general enrollee operations appropriation under s. 20.399 (1) (b) to assist the Conservation Corps in funding an anticipated increase in the minimum wage without reducing the number of crews in service.

Governor's Recommendation

Approve the request to release \$150,000 GPR from the Committee's appropriation under s. 20.865 (4) (a). Place the funding in unallotted reserve for release by DOA only if a minimum wage increase is mandated by the federal government.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 27, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Circuit Courts--Section 13.10 Request for Funding for Court Interpreters--Agenda Item XVII

The Director of State Courts requests a supplement of \$27,000 GPR in 1995-96 and \$17,700 GPR in 1996-97 for court interpreter costs.

BACKGROUND

State statutes provide that persons charged with criminal offenses, subject to protective services or mental health proceedings, or who are witnesses to such proceedings are entitled to a qualified interpreter if the court determines that the person is unable to speak or understand English or has a hearing or speech impairment sufficient to prevent the person from: (1) communicating with his or her attorney; (2) reasonably understanding English testimony; or (3) being understood in English. If the court determines that a person cannot afford an interpreter, one will be provided at the public's expense.

By statute, interpreters are paid \$35 per half day of in-court services. Counties pay directly for the services and the Director of State Courts' Office is responsible for reimbursing counties for the costs of interpreters used in circuit court proceedings. Funding is provided in a separate sum certain annual appropriation funded at \$107,100 GPR in 1995-96 and \$116,400 GPR in 1996-97.

ANALYSIS

Over the last few years, the costs of interpreter reimbursements have increased at an average of approximately 17% per year. As shown in the attachment to this paper, through May 16, 1996, approximately \$106,100 of the \$107,100 appropriated had been expended. In addition, court officials indicate that they currently have bills on hand totalling \$23,150. Further, counties estimate that they will submit an additional \$4,880 based on current trials and those that are scheduled through June 30. The table below shows the distribution of these payments by county.

<u>County</u>	<u>Bills On-Hand</u>	<u>Estimated Additional Bills</u>
Brown	\$0	\$980
Door	0	700
Dunn	0	200
Jefferson	1,486	0
Kenosha	2,541	0
La Crosse	0	800
Marathon	0	2,000
Milwaukee	14,937	0
Monroe	0	200
Outagamie	1,270	0
Walworth	1,099	0
Waukesha	<u>1,817</u>	<u>0</u>
Total	\$23,150	\$4,880

Based on these numbers, interpreter costs in 1995-96 will total approximately \$134,100 or \$27,000 more than the appropriated amount. If the Committee denies the request, payments to counties for these bills will be delayed until 1996-97 funds become available. The result would likely be a larger cumulative deficit in 1996-97 for which funds will be required.

The Director of State Courts' Office also requests an increase in 1996-97 for interpreter reimbursement of \$17,700 for total expenditure authority of \$134,100. This would bring the 1996-97 expenditure authority to the same level as requested for 1995-96.

While it is difficult to determine what 1996-97 actual expenditure needs will be, it is reasonable to assume that those obligations will be at least equal to this fiscal year. Over the past seven years, there has been an increase in expenditures in all but one year (1994-95). On the other hand, since interpreter demand for 1996-97 is unknown, any additional funding amount provided at this time would be an estimate and could either be in excess of the courts needs (in

which case the funds would lapse to the general fund) or, more likely, would be insufficient if demand continues to increase.

If the Committee were to defer acting on the 1996-97 request at this time, any additional funding needs that may occur in 1996-97 could be reviewed under a future s.13.10 request when more complete information is available.

ALTERNATIVES

1. Approve the Director of State Court's request for a supplement from the Committee's appropriation of \$27,000 GPR in 1995-96 and \$17,700 GPR in 1996-97 for court interpreter reimbursement.
2. Approve the request for a supplement from the Committee's appropriation of \$27,000 GPR for court interpreter reimbursement in 1995-96 only.
3. Deny the request.

Prepared by: Carri Jakel

ATTACHMENT

Court Interpreter Fees Paid Through May 16, 1996

Adams	\$0	Manitowoc	373
Ashland	0	Marathon	3,365
Barron	0	Marinette	0
Bayfield	0	Marquette	0
Brown	3,925	Menominee	0
Buffalo	0	Milwaukee	43,822
Burnett	0	Monroe	2,210
Calumet	0	Oconto	0
Chippewa	0	Oneida	0
Clerk of Juv Ct	0	Outagamie	4,091
Clark	0	Ozaukee	394
Columbia	0	Pepin	0
Crawford	0	Pierce	0
Dane	8,992	Polk	0
Dodge	903	Portage	1,066
Door	0	Price	0
Douglas	60	Racine	12,226
Dunn	1,776	Richland	0
Eau Claire	0	Rock	2,191
Florence	0	Rusk	0
Fond du Lac	0	St. Croix	70
Forest	0	Sauk	289
Grant	0	Sawyer	0
Green	0	Shawano	53
Green Lake	193	Sheboygan	0
Iowa	35	Taylor	0
Iron	0	Trempealeau	0
Jackson	175	Vernon	86
Jefferson	912	Vilas	0
Juneau	0	Walworth	2,481
Kenosha	8,768	Washburn	0
Kewaunee	0	Washington	110
La Crosse	2,060	Waukesha	5,246
Lafayette	0	Waupaca	0
Langlade	0	Waushara	0
Lincoln	0	Winnebago	274
		Wood	0

Total Payments \$106,143

MO#

1

BURKE	Y	N	A
ANDREA	Y	N	A
GEORGE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
WEEDEN	Y	N	A
COWLES	Y	N	A
BRANCEL	Y	N	A
FOTI	Y	N	A
SCHNEIDERS	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
PORTER	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 12 NO 0 ABS 1



XVII

Supreme Court of Wisconsin
Director of State Courts
P.O. Box 1688
Madison, Wisconsin 53701-1688

Roland B. Day
Chief Justice

213 N.E. State Capitol
Telephone (608) 266-6828
Fax (608) 267-0980

J. Denis Moran
Director of State Courts

DATE: May 23, 1996

TO: The Honorable Tim Weeden, Co-chair
Joint Committee on Finance

The Honorable Ben Brancel, Co-chair
Joint Committee on Finance

FROM: J. Denis Moran, Director of State Courts
Supreme Court of Wisconsin *JDM*

SUBJECT: Request under s. 13.10, Wis. Stats. for an Additional
\$27,000 GPR in 1995-96 and \$17,700 GPR in 1996-97 for
Court Interpreter Fees

REQUEST

Under the provisions of s. 13.10, Wis. Stats., the Director of State Courts (DSC) requests an increase of \$27,000 GPR for 1995-96 and \$17,700 GPR in 1996-97 for appropriation 20.625 (1)(c), Court Interpreter Fees. This would bring the appropriation level to \$134,100 in each year of the biennium.

STATUTORY CRITERIA FOR S. 13.10, WIS. STATS., REQUEST

An emergency exists because requests in 1995-96 for reimbursement from counties for the costs they have incurred in providing interpreters under s. 885.37(4)(a)2 Wis. Stats., have exceeded the statutory expenditure authority to reimburse them. As of April 30, the total authority in the appropriation has been expended, and the DSC anticipates, based on past experience, and reimbursement requests already received, that \$27,000 in requests for reimbursement will be submitted during the current fiscal year which cannot be paid due to lack of available funds.

BACKGROUND

Under s. 885.37(1)(a) and (b), Wis. Stats., defendants in

criminal cases, persons or parents subject to chapters 48, 51 or 55 of the Wisconsin Statutes and witnesses in one of the above actions or proceedings are entitled to the services of an interpreter if they are indigent and have a language difficulty due to the inability to speak or understand English, have a hearing impairment or a speech defect, or are unable to speak. Section 885.37 (4)(a)2, Wis. Stats., requires the Director of State Courts to pay for such interpreters, at a reimbursement rate of up to \$35 per half day (established in s. 814.67 (1)(b)1.), for actions in the circuit courts from the sum certain appropriation 20.625 (1)(c). Under 1995 Act 27, \$107,100 in 1995-96, and \$116,400 in 1996-97 is provided for these in-court services.

In practice, counties directly pay the interpreters for their services and obtain repayment at the statutory rate by requesting the DSC to reimburse them for interpreter services they provide. No expenditures can be made from the appropriation other than reimbursements to counties for the cost of interpreter services.

ANALYSIS

County reimbursement requests in 1995-96 have already exceeded spending authority. As of May 15, \$957 in spending authority remained, with \$23,150 in bills in hand which cannot be paid without additional authority. The status of the appropriation is:

Expenditures to-date (rounded).....	\$106,100	
Bills in hand	23,150	
Anticipated bills for May & June.....	<u>4,880</u>	
Total projected expenditures.....	\$134,130	\$134,130
Expenditure authority.....		<u>\$107,100</u>
Additional funding required.....		\$ 27,000

Counties are paid in the order their requests are submitted. The following shows the counties' outstanding requests for payment and anticipated submissions through June 30, 1996:

<u>County</u>	<u>Current</u>	<u>Anticipated</u>
Brown		\$ 980
Dodge		700
Dunn		200
Jefferson	\$ 1,486	
Kenosha	2,541	
La Crosse		800
Marathon		2,000
Milwaukee	14,937	
Monroe		200
Outagamie	1,270	
Walworth	1,099	
Waukesha	<u>1,817</u>	
TOTAL	\$23,150	<u>\$ 4,880</u>

If this s. 13.10 request is either denied or partially funded, then outstanding bills will have to be carried over into the next fiscal year, delaying payment. A similar request for increased expenditure authority will then have to be considered next year.

In Fiscal Year 1994, \$112,900 was reimbursed to counties for interpreter services; in FY 95, \$98,500 was expended, and \$3,800 in unpaid bills (Green Lake, La Crosse, Ozaukee, Rock and Kenosha) were carried into the current fiscal year due to a lack of funds. The following eight counties account for an increase of \$33,500 in reimbursement requests from FY 95 to FY 96: Brown (\$2,660), Dane (\$2,010), Kenosha (\$4,580), Milwaukee (\$16,300), Outagamie (\$1,010), Rock (\$700), Walworth (\$1,550) and Waukesha (\$2,100).

Because the actual amount of the reimbursement requests is dependent on the specifics of individual trials, it is difficult to predict with certainty what obligations will be incurred next year. When considering the increases experienced in the past years, it is not unreasonable to expect that FY 97 obligations will be at least as great as those for FY 96.

SUMMARY

The Director of State Courts requests an increase of \$27,000 GPR for 1995-96 and \$17,700 GPR in 1996-97 for appropriation 20.625 (1)(c), Court Interpreter Fees to bring the appropriation level to \$134,100 in each year of the biennium. Additional funds are needed to reimburse counties for payments to interpreters for indigent defendants or witnesses as prescribed by statute. The counties have already provided such payments, and have requested reimbursement from the Director of State Courts in accordance with the statutes. The appropriation to be supplemented is an annual appropriation that can only be used for payments to counties for interpreter services. In the absence of additional funds, payments will have to be carried over into the next fiscal year, precipitating an additional request for supplemental funding.

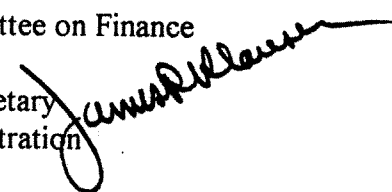
The Director of State Courts Office will be represented by J. Denis Moran, the Director of State Courts.

CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: June 11, 1996

To: Members, Joint Committee on Finance

From: James R. Klauser, Secretary
Department of Administration 

Subject: Section 13.10 Request from the Director of State Courts for Court Interpreter Costs.

Request

The Director of State Courts (DSC) requests a supplement of \$27,000 GPR in fiscal year 1995-96 and \$17,700 GPR in fiscal year 1996-97 from the committee's supplemental appropriation under s. 20.865(4)(a) to s. 20.625(1)(c), Court interpreter fees annual appropriation, to fund reimbursements to counties for court interpreters for indigent persons.

Background

Wis. Stats. s. 885.37(1)(a) and (b), specifies that persons charged with a crime, children or parents subject to Chapter 48 (Children's Code), persons subject to Chapters 51 (Mental Health Act) or 55 (Protective Service System), or witnesses in one of the above actions or proceedings are entitled to the services of an interpreter if they have a language difficulty because of the inability to speak or understand English, have a hearing impairment, or are unable to speak or have a speech defect if a court determines that an interpreter is necessary and that a person is indigent. Specifically, s. 885.37(4)(a)2, Wis. Stats. requires the State to pay the expense of an interpreter for actions in the circuit courts at the current statutory rate of \$35 per half-day. The counties pay interpreters directly for their services and obtain reimbursement from the DSC under s. 20.625(1)(c). The only expenditures that are made from this annual appropriation under s. 20.625(1)(c) are reimbursements to counties for the cost of interpreter services.

Analysis

The demand for interpreter services has continued to increase over the past few years as attorneys and clients have become more aware that these services are available. In addition, there have been a few counties, including Milwaukee, Kenosha, Brown and Marathon counties that have experienced a significant increase in the demand for interpreter services by indigent defendants primarily from the Spanish-speaking and Hmong communities. However, it remains difficult to estimate what the obligations for interpreter reimbursements to counties will be in any given fiscal year since the amount of interpreter reimbursements depends on the number of trials requiring the services of an interpreter.

A review of actual billings received by the DSC for reimbursement over the past four years reveals that the costs of interpreter reimbursements have averaged a 16% annual increase. In June, 1994, the Joint Committee on Finance, through the s. 13.10 process, approved a supplement of \$28,700 for fiscal years 1993-94 to address a projected shortfall in the appropriation for court interpreter reimbursements. In addition, 1995 Wisconsin Act 27 appropriated an additional \$26,500 GPR during the 1995-97 biennium to fund the projected increase in court interpreter reimbursements. Despite this additional funding for court interpreter reimbursements, over the past four years, the DSC has carried over bills into the next fiscal year totaling \$19,600 due to insufficient expenditure authority in this appropriation.

The DSC indicates that due to the continued demand for court interpreter services, current obligations under the court interpreters reimbursement program continue to exceed current expenditure authority. According to the DSC, current obligations exceed FY96 GPR expenditure authority by \$22,200. In addition, the DSC anticipates an additional \$4,800 in bills during the last two months of this fiscal year. Specifically, the request is for additional expenditure authority of \$27,000 GPR in FY96 and \$17,700 GPR in FY97 under s. 20.625(1)(c), Court interpreter fees annual appropriation. The following table reflects the DSC's estimated annual expenditures for FY96:

	<u>FY96</u>
Chapter 20 expenditure authority under s. 20.625(1)(c)	\$107,100
Known obligations thru May, 1996	(\$129,300)
Anticipated May/June obligations	<u>(\$ 4,800)</u>
Additional funding required	\$ 27,000

The DSC has also requested additional expenditure authority of \$17,700 in FY97 based on the assumption that actual court interpreter costs for the 1996-97 fiscal year will be at least at the current level. While DOA believes that the DSC's assumption is not an unreasonable one based on the increase in the costs of court interpreter reimbursements over the past few years, it is premature to estimate what additional expenditure authority, if any, will be needed for this appropriation in FY97. Furthermore, the request for additional expenditure authority in the second year of the biennium does not constitute an emergency under the criteria established for s. 13.10 requests.

Based on a review and analysis of actual and anticipated court interpreter costs, DOA recommends that the Joint Committee on Finance approve a GPR supplement of \$27,000 in FY96 to cover these obligations in the current fiscal year. Without a GPR

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supplement, the DSC will not be able to reimburse counties for their court interpreter costs in FY96, as required by statute. However, given that actual reimbursement costs are expected to continue at current levels, this appropriation level may need to be reviewed again within the context of the 1997-99 biennial budget request, and a supplement may also be needed in FY97.

Recommendation

Approve the request for a supplement of \$27,000 GPR in FY96 for the Court interpreter fees annual appropriation under s. 20.625(1)(c). Deny the request for supplemental funding in FY97.

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